



FOR IMMEDIATE RELEASE

Contact: James Spiezio
Beacon Power Corporation
978-694-9121
spiezio@beaconpower.com

**BEACON POWER ANNOUNCES ACCEPTANCE OF FLYWHEEL
DEMONSTRATION SYSTEM BY CALIFORNIA ENERGY COMMISSION**

**Representatives From Energy Commission and U.S. DOE Witness Performance
Testing at Beacon Facility; System Approved for Shipment Later This Month**

WILMINGTON, Mass., August 1, 2005 -- Beacon Power Corporation (NASDAQ: BCON), a company that designs and develops advanced products and services to support more stable and reliable electricity grid operation, has announced that its first-ever Smart Energy Matrix demonstration system was successfully tested and approved for shipment by representatives of the California Energy Commission and the U.S. Department of Energy (DOE). The scale-power flywheel-based energy storage system, designed to demonstrate highly responsive and cost-effective frequency regulation services for the electricity grid, is scheduled for shipment to San Ramon, California, later this month. Following installation, the Smart Energy Matrix system will begin grid-connected performance demonstrations.

“This is a major achievement and a significant step forward for our flywheel technology and its applications to power grid reliability,” said Bill Capp, Beacon President and CEO. “For the first time, a flywheel energy storage system will be connected to the grid to provide frequency regulation services. We’re grateful for the leadership of the California Energy Commission, California ISO, and the U.S. Department of Energy, as well as to the dedicated group of Beacon engineers who worked hard to make this possible.”

Representatives from the Energy Commission and DOE witnessed a range of performance tests of the scale-power Smart Energy Matrix at Beacon’s Wilmington, Massachusetts, facility. The visit included a review of test procedures, system documentation, installation plans, and an extensive run-through of communications and control functions, followed by a series of system operational performance demonstrations. Based on the contractually defined objectives of this Critical Project Review, the Energy Commission and DOE indicated that the system was approved for shipment. Pending completion of preparations at the installation site in California, the

Energy Commission has arranged for Beacon to perform additional system-level testing at the Beacon facility in Wilmington.

“The Energy Commission considers the integration of energy storage technologies a high priority as we look for new and innovative methods to improve and upgrade the capability of the California electric grid,” said Energy Commissioner John Geesman. “Technologies such as the flywheel-based energy storage system provide better options for California utilities to integrate more renewable sources and provide California consumers increased energy choices.”

Grid operators, such as the California Independent System Operator (ISO), purchase frequency regulation services every day. In 2004, the value of regulation services purchased by four U.S. regional grid operators in open power markets was in excess of \$360 million. The Beacon Smart Energy Matrix is being specifically designed to address this sizeable and growing market with better performance and greater cost effectiveness than existing methods, which are most commonly based on the use of older and less efficient fossil fuel-based generators.

Beacon Power is also building a second scale-power Smart Energy Matrix under contract to the New York State Energy Research and Development Authority (NYSERDA). This system, developed in collaboration with the U.S. Department of Energy and the New York ISO, is planned for delivery in the fourth quarter of this year.

About Frequency Regulation

One of the most challenging aspects of today’s electricity grid is that the amount of power generated and the amount consumed must be in exact balance at all times. When imbalances occur, the frequency of electricity (60 hertz in the U.S.) that end users require will not be maintained, which adversely affects grid stability. The constant balancing of power demand and production to maintain a stable frequency is called frequency regulation. Beacon’s Smart Energy Matrix is a flywheel-based energy storage system that is intended to be a long-life, environmentally friendly solution for frequency regulation, with no fuel consumed and no emissions generated. More details, along with an informative animated presentation, are available at www.beaconpower.com.

About Beacon Power

Beacon Power Corporation designs sustainable energy storage and power conversion solutions that would provide reliable electric power for the utility, renewable energy, and distributed generation markets. Beacon’s Smart Energy Matrix is a design concept for a megawatt-level, utility-grade flywheel-based energy storage solution that would provide sustainable power quality services for frequency regulation, and support the demand for reliable, distributed electrical power. Beacon is a publicly traded company with its research, development and manufacturing facility in the U.S. For more information, visit www.beaconpower.com.

For more information, please contact James Spiezio, Chief Financial Officer; phone 978.694.9121; fax 978.694.9127; email spiezio@beaconpower.com; or write to Beacon Power Corporation, 234 Ballardvale Street, Wilmington, MA 01887.